

Message Text

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ORIGIN COME-00

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R 132217Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY DAMASCUS

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E.O. 11652: N/A

TAGS:BEXP, BENC, ENRG, SY

SUBJECT: MAJOR PROJECT: TURN-KEY GAS PLANT

REF: A) DAMASCUS 5800; B) DAMASCUS 5541.

1. OVER PAST SEVERAL WEEKS, CAGNE OFFICER HAS DISCUSSED
SUBJECT PROJECT WITH SEVERAL OF COMPANIES TO WHOM INITIAL
ANNOUNCEMENT OF PROJECT WAS SENT. REASONS FOR LACK OF U.S.
COMPANY INTEREST IN BIDDING PROJECT AS PRIME CONTRACTOR
ARE TWO: A) "SYRIA'S CONDITIONS OF CONTRACT ARE
UNACCEPTABLE." THIS USUALLY TRANSLATES: IT IS TOTALLY
IMPOSSIBLE FOR U.S. FIRMS TO BID LUMP SUM. ACCORDING TO
MANY, THEY WILL NOT BID LUMP SUM IN THE UNITED STATES LET
ALONE IN SYRIA WHERE THEY GENERALLY HAVE LITTLE EXPERIENCE
AND WHERE ECONOMIC AND POLITICAL SITUATION APPEARS
VERY UNSTABLE AT PRESENT TIME. B) SYRIA NEEDS FAVORABLE
FINANCING WHICH IS NOT AVAILABLE FROM UNITED STATES AT THIS
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TIME FOR THIS TYPE OF PROJECT. ONE COMPANY BELIEVES SOFT

TERMS PROVIDED BY RUMANIANS WILL MAKE IT IMPOSSIBLE FOR ANOTHER COUNTRY'S FIRM TO WIN CONTRACT DESPITE SYRIANS' DESIRE TO OBTAIN WESTERN TECHNOLOGY.

2. TO GET AROUND PROBLEMS RAISED BY BIDDING FROM U.S., AT LEAST TWO COMPANIES ARE PARTICIPATING THROUGH THIRD COUNTRY. FISH ENGINEERING IS BIDDING THROUGH CANADIAN SUBSIDIARY, FISH INTERNATIONAL CANADA LTD., PRIMARILY BECAUSE MORE FINANCING IS AVAILABLE IN THAT COUNTRY. BASIC DESIGN WILL BE DONE IN U.S., DETAILED ENGINEERING AND PROCUREMENT IN CANADA. J.E. NACHOD SENT LETTER TO COMOFF MICHAEL DAVIES TO THIS EFFECT.

3. SECOND U.S. FIRM KNOWN TO CAGNE TO BE PARTICIPATING IS WEATHERBY ENGINEERING COMPANY. WEATHERBY MADE PROPOSAL ON PROJECT SEVERAL YEARS AGO. WHEN SYRIANS DECIDED TO TENDER IT COMPANY FOUND IT NECESSARY TO BID WITH FRENCH COMPANY AS PRIME CONTRACTOR.

4. ONE COMPANY OFFICIAL WITH WHOM PROJECT WAS DISCUSSED PASSED ALONG TIDBIT WHICH EMBASSY MAY WISH TO ATTEMPT TO VERIFY IN DAMASCUS. "RUMANIANS HAVE GONE TO HOUSTON TO GET TECHNOLOGY." WHERE THEY WENT IN HOUSTON WAS NOT DISCLOSED BUT IMPLICATION WAS MADE THAT BID IS COMING FROM EUROPE. BOTH FISH AND WEATHERBY ARE IN HOUSTON. WEATHERBY APPEARS TO BE MOST LIKELY POSSIBILITY SINCE IT IS BIDDING THROUGH EUROPE. IF EMBASSY CAN DEVELOP ANYTHING FURTHER ON THIS, WOULD APPRECIATE HEARING OF IT. ROBINSON

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